97TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 97-838

HIGHWAY REVENUE ACT OF 1982

SEPTEMBER 17, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 7092]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 7092) to amend the Internal Revenue Code of 1954 to provide for a 1-year extension of the taxes which are transferred into the Highway Trust Fund, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment (stated in terms of the page and line numbers of the introduced bill) is as follows:

Page 13, after line 2, insert the following:

SEC. 504. 2-YEAR EXTENSION OF REFUND OF TAXES ON FUELS USED IN TAXICABS.

Paragraph (3) of section 6427(e) of the Internal Revenue Code of 1954 (relating to use in certain taxicabs) is amended by striking out "December 31, 1982" and inserting in lieu thereof "December 31, 1984".

H783-22

I. SUMMARY AND BACKGROUND

Summary of the Bill

Present law

Under present law, excise taxes are imposed on certain motor fuels, lubricating oil, trucks, truck parts, tires and tubes, tread rubber, and heavy highway vehicles. After September 30, 1984, these excise taxes are scheduled to decline generally to pre-Trust Fund rates or to expire. (See Table 1 for a list of the present and scheduled tax rates.)

Revenues from these excise taxes currently are deposited in the Highway Trust Fund (established by sec. 209 of the Highway Revenue Act of 1956). Under present law, these revenues will continue to be deposited in the Trust Fund until October 1, 1984, at which time revenues from the remaining highway excise taxes (generally at reduced rates) will go into the general fund of the Treasury (as they did prior to enactment of the Trust Fund in 1956).

Expenditures for Trust Fund purposes may be made to meet obligations under Federal-aid highway programs through September 30, 1984.

H.R. 7092

The committee bill extends the present law highway excise taxes at their current rates for one year, through September 30, 1985, and extends the transfer to the Highway Trust Fund of revenues from existing highway excise taxes also through September 30, 1985. The bill also extends the present exemption from the fuels taxes for qualified taxicabs for two years, through December 31, 1984. In addition, the bill transfers the provisions of the present Highway Trust Fund, with certain updating modifications, to the Trust Fund Code of the Internal Revenue Code. Further, the expenditure authority for Highway Trust Fund moneys for Federal-aid highway programs is extended for one year, through September 30, 1985.

Background

The Highway Trust Fund and the related highway excise taxes were last extended by the Highway Revenue Act of 1978 (Title V of the Surface Transportation Assistance Act of 1978 (P.L. 95–599)), at which time the extension was for 5 years, or from October 1, 1979 through September 30, 1984. The 5-year extension was added by the tax committees as a separate title to a highway authorization bill and generally involved only the extension of existing highway excise taxes and tax rates.

The 1978 Act made one change in the application of the fuels taxes by providing a temporary exemption (via refund or credit) through 1980 (later extended to December 31, 1982) for fuel used in qualified taxicab services where ride sharing is not prohibited by law or by

company policy (sec. 6427(e)). For model 1978 or later taxicabs, the exemption only applies for taxicabs meeting fuel economy standards.

The 1978 Act also modified the prior anti-deficit provision (the so-called "Byrd amendment") to require that when anticipated Trust Fund revenues are insufficient to cover projected expenditures from existing unpaid authorizations plus the authorizations for the fiscal year involved, reductions will be made on a pro rata basis to all apportioned highway funds, rather than to Interstate apportionments only.

In addition, the 1978 Act required that two studies be made: (1) a cost allocation study to be conducted by the Department of Transportation, with a final report to Congress by January 15, 1982; and (2) a study of the highway excise tax structure to be conducted by the Treasury Department, with a final report to Congress by April 15, 1982. The cost allocation study was submitted to the Congress on May 13, 1982: "Final Report on Federal Highway Cost Allocation Study." The final Treasury report on the highway excise tax structure has not yet been submitted. (A second progress report was submitted by the Secretary of the Treasury on October 1, 1981.)

II. EXPLANATION OF PROVISIONS

A. Present Law

Highway Trust Fund taxes

Excise taxes on gasoline and certain other motor fuels, lubricating oil, trucks and truck trailers, truck parts, tires and tubes, tread rubber, and highway vehicles, comprise the sources of revenue for the Highway Trust Fund. Under present law, revenues from these taxes are deposited into the Highway Trust Fund through September 30, 1984. After that time, these taxes are scheduled to decline generally to pre-Trust Fund rates or to expire. (See Table 1, following, for a summary of present highway excise taxes and schedule of rates.)

Retailers excise taxes

Taxes on diesel fuel and special motor fuels [1] are levied on their sale for use in motor vehicles on highways (sec. 4041 (a) and (b)).[2] The current tax is 4 cents per gallon, and is scheduled to decrease to 1½ cents per gallon on October 1, 1984 (sec. 4041 (a)). Nonhighway use exemptions apply to farm use, use as supplies for vessels or aircraft,[3] use by a State or local government, sales for export, and use by nonprofit educational institutions (sec. 4041 (f) and (g)). An additional exemption applies through 1992 to a fuels mixture (gasohol) which contains at least 10 percent alcohol of 190 proof (secs. 4041 (k) and 6427 (f)). Exemptions from these retail fuels taxes are also provided for fuel used by school buses and intercity or local buses furnishing public transportation for compensation (sec. 6427 (b)) [4] and for certain qualified taxicab use through 1982 (sec. 6427 (e)).[5]

The 4-cents-per-gallon tax on special motor fuels applies both for highway or motorboat use (other than fisheries or whaling use), except that the tax is 2 cents per gallon for other nonhighway, qualified business use (sec. 6421(d)(2)); however, revenues from the tax imposed on motorboat fuels are transferred from the Highway Trust

[1] Special motor fuels are benzol, benzene, naphtha, liquefied petroleum gas, casinghead and natural gasoline, or any other liquid (other than kerosene, gas oil, fuel oil, gasoline taxed under sec. 4081, or diesel fuel taxed under sec. 4041 (a)).

[2] The 4-cents-per-gallon tax on diesel fuel (sec. 4041 (a)) applies only to use in a diesel-powered highway vehicle which is registered as a highway vehicle. For such vehicles not registered or required to be registered as a highway vehicle, the tax rate is 2 cents per gallon.

[3] The term "supplies for vessels or aircraft" means fuel supplies, ships' stores, sea stores, or legitimate equipment for vessels of war, vessels employed in fisheries or in the whaling business, or vessels engaged in foreign trade or trade between the Atlantic and Pacific ports of the U.S. or between the U.S. and any of its possessions. The term "vessels" also includes civil aircraft employed in foreign trade or trade between the U.S. and any of its possessions (sec. 4221 (d)(3)).

[4] The exemption does not apply for fuel used in such intercity or local buses where the transportation is not scheduled and not along regular routes unless the seating capacity of the bus is at least 20 adults (including the driver).

[5] Qualified taxicab use means furnishing of nonscheduled land transportation for a fixed fare by a licensed operator who is not prohibited by law or company policy from furnishing shared transportation (with consent of the passengers). For model year 1978 and later taxicabs purchased after 1978, taxicabs must have a fuel economy rating in excess of the average EPA rating for the type of vehicle involved to qualify for this exemption. The exemption for qualified taxicab use is accomplished by means of a refund or credit against income tax claimed for the amount of tax originally paid on purchase of the fuels.

Fund to the National Recreational Boating Safety and Facilities Improvement Fund and to the Land and Water Conservation Fund.[6]

Manufacturers excise taxes

Gasoline.—A manufacturers excise tax is imposed on the sale by a producer or importer of gasoline. The current gasoline excise tax is 4 cents per gallon, and is scheduled to decline to 1½ cents per gallon on October 1, 1984 (sec. 4081 (a) and (b)).[7] As with the retailers excise taxes on diesel and special motor fuels, nonhighway use exemptions from the gasoline tax (generally via refunds or credits) apply to certain specified uses. Also, qualified taxicabs are exempt (via refund or credit) from the tax on gasoline through December 31, 1982. (See footnote 5, *supra.*)

Trucks, truck trailers, etc.—An excise tax of 10 percent is imposed on the sale by a manufacturer, producer or importer of trucks, truck tractors, trailers, and semitrailers and the separate sale of a chassis or body for a truck, trailer, or semitrailer for use in a vehicle having a gross vehicle weight more than 10,000 pounds. After September 30, 1984, the tax is scheduled to decrease to 5 percent. Vehicles, trailers and semitrailers having a gross vehicle weight of 10,000 pounds or less, and bodies or chassis for use in vehicles within the 10,000 pound limit, are exempt from the tax (sec. 4061(a)(1) and (2)). Exemptions from this tax are provided for certain specified vehicles.

Truck parts and accessories.—Sales of parts and accessories (other than tires and tubes) for use in trucks, truck tractors, trailers and semitrailers are taxed at 8 percent (sec. 4061(b)). The tax is scheduled to decrease to 5 percent on October 1, 1984. Parts and accessories taxed under this provision include (but are not limited to) spark plugs, storage batteries, leaf springs, timers, coils, and tire chains (sec. 4062). Rebuilt parts and accessories, however, are not subject to the tax, nor are parts for light-duty trucks, i.e., those having a gross vehicle weight of 10,000 pounds or less (sec. 4063 (c) and (e)).

Tires, inner tubes and tread rubber.—Taxes are imposed on the sale by a manufacturer, producer or importer of tires, inner tubes and tread rubber. As shown in Table 1, these taxes are based on weight (secs. 4071–4073). As is true of the other Highway Trust Fund taxes (other than the tax on lubricating oil), on and after October 1, 1984, these taxes generally will decrease or expire.

Lubricating oil.—The sale of lubricating oil is subject to a 6-cents per-gallon tax that is levied on the manufacturer or producer. (This tax is not scheduled to be reduced on October 1, 1984.) Exemptions are provided for oils sold for use in cutting or machining operations on metals. An exemption also applies to sales of rerefined oil. Rerefined

[6] Up to $20 million per year for fiscal years 1981–1983 is to be transfered to the Boating Safety Fund, but with a $20 million ceiling on amounts in the Fund. The balance of revenue from the tax on motorboat fuels is transferred to the Land and Water Conservation Fund.

[7] The 4-cents-per-gallon tax on gasoline applies for highway, noncommercial aviation, and motorboat use (other than fisheries or whaling use), except that the tax is 2 cents per gallon for other nonhighway, nonaviation qualified business use (sec. 6421(d)(2)). Revenues derived from the tax on noncommercial aviation are deposited in the Airport and Airway Trust Fund. Revenues from motorboat use are transferred to the National Boating Safety and Facilities Improvement Fund and the Land and Water Conservation Fund (as indicated in footnote 6, *supra*).

oil must be composed of at least 25 percent used or waste lubricating oil that has been cleaned and no more than 55 percent previously unused lubricating oil (secs. 4091–4093).

Highway use tax

The highway use tax applies to heavy motor vehicles (including buses), together with semitrailers and trailers customarily used in connection with them, with a taxable gross weight in excess of 26,000 pounds. The tax is $3.00 per year for each 1,000 pounds of taxable gross weight. The tax is paid by the person in whose name the highway vehicle is registered. Taxable gross weight is defined as the sum of the unloaded weight of the vehicle when fully equipped for service and of the trailers and semitrailers customarily used with the vehicle, plus the maximum load weight customarily carried by such highway motor vehicles and on attached trailers or semitrailers. This tax is scheduled to expire on October 1, 1984 (secs. 4481–4483).

Present highway excise tax rates

The following is a summary of present highway-related excise tax rates, and the rates currently scheduled for after September 30, 1984.

TABLE 1.—CURRENT HIGHWAY USER EXCISE TAXES AND SCHEDULED RATES OF TAX UNDER PRESENT LAW

Tax	Rate of tax, present law	
	Before Oct. 1, 1984 [1]	After Sept. 30, 1984 [2]
Petroleum products:		
Gasoline	4 cents/gallon.	1.5 cents/gallon.
Diesel fuel	4 cents/gallon.	1.5 cents/gallon.
Special motor fuels	4 cents/gallon.	1.5 cents/gallon.
Lubricating oil	6 cents/gallon.	6 cents/gallon.
Trucks and truck parts:		
Trucks and trailers	10 percent of manufacturer's sale price.	5 percent of manufacturer's sale price.
Parts and accessories.	8 percent of manufacturer's sale price.	5 percent of manufacturer's sale price.
Tires, tubes and tread rubber:		
Tires for highway vehicles	9.75 cents/pound.	4.875 cents/pound.
Laminated tires	1 cent/pound.	1 cent/pound.
Other tires	4.875 cents/pound.	4.875 cents/pound.
Inner tubes	10 cents/pound.	9 cents/pound.
Tread rubber	5 cents/pound.	No tax.
Use tax on heavy vehicles	$3 per 1,000 pounds per year, if more than 26,000 pounds.	No tax.

[1] Revenues are deposited into the Highway Trust Fund.
[2] Revenues would be deposited into the general fund of the Treasury unless the Trust Fund is extended.

Highway Trust Fund expenditure purposes

Since enactment in 1956 and amendments since then, the Highway Trust Fund has been used to finance construction of the Interstate Highway System, other Federal-aid highways, and for other Federal highway-aid programs. The current Trust Fund supported programs are listed below:

(1) ***Interstate highway system—***

(a) Construction to close gaps in the nearly completed basic Interstate system;

(b) Resurfacing, restoring, rehabilitating and reconstructing ("4Rs") previously completed sections.

(2) ***Primary highway system—***

(a) Construction and reconstruction and related planning;

(b) Resurfacing, restoring and rehabilitating these highways.

(3) ***Urban and rural area transportation program***—Assist in both types of areas in construction, rehabilitation and reconstruction of local roads, and related planning and research; public transportation capital expenditures; safety improvements and traffic system management. (Urban areas have more than 50,000 persons; rural areas less than that population.)

(4) ***Bridge program***—Rehabilitating or replacing structurally deficient bridges.

(5) ***Construction safety programs***—Designed to build safety into highways during their construction, including such things as elimination of roadside hazards, pavement marking, and highway rail crossings.

(6) ***Other highway-related safety programs***—National Highway Traffic Safety Administration (NHTSA) and Federal Highway Administration (FHWA), safety programs.

(7) ***Emergency relief***—Emergency highway relief programs.

(8) ***Administration and research through the Federal Highway Administration***—Involving (a) coordination and direction of various public programs and requirements, (b) general program support affecting policy plans and projections and administrative support, and (c) engineering and financial assistance.

(9) ***Additional programs***—The Highway Trust Fund contributes a share of costs of certain other programs, including the following:

—Forest and public lands highways;
—Economic growth center highways;
—National scenic and recreational highways;
—Railroad-highway crossing; demonstration projects;
—Rural highway public transportation demonstration projects;
—Bicycle pathway programs;
—Highway safety research and development;
—Car and van pool projects;
—Right-of-way revolving fund.

B. Reasons for the Bill

Overview

The Committee on Public Works and Transportation has requested a one-year extension of the Highway Trust Fund and the present highway excise taxes because the Trust Fund revenues, which under present law would decline or expire after fiscal year 1984, will not be sufficient to fund existing outstanding authorizations and proposed fiscal year 1983 authorizations. The Committee on Public Works has approved a fiscal year 1983 highway authorization bill (H.R. 6965), the provisions of which are intended to be offered as a substitute to a previously reported 4-year authorization bill (H.R. 6211). The one-year Trust Fund extension is needed to avoid a pro rata reduction in apportioned highway funds which would be required under the "Byrd Amendment" provision in the Trust Fund; this provision precludes apportionment of authorizations that would create a prospective Trust Fund deficit.

A longer extension of the Trust Fund, along with a multi-year authorization of highway programs, was contemplated earlier this year, will need to be considered by the next Congress, if the completed Interstate Highway System and the other Federal-aid highway systems are to be maintained in a condition satisfactory for continued realization of the interstate commerce and defense objectives of the Highway Trust Fund legislation. There will be more adequate time in the next Congress for consideration of longer run highway spending and revenue needs, along with a thorough review of present and possible alternative highway tax structures. Moreover, the Treasury Department report on the highway excise tax structure mandated by the 1978 Highway Revenue Act has not yet been completed. This report should be available for congressional review prior to the next Congress.

Approval of H.R. 7092 is necessary to avoid a partial reduction in the level of highway authorizations approved by the Committee on Public Works and Transportation for fiscal year 1983, until longer run highway legislation can be enacted. H.R. 7092 is intended to be offered on the House floor by the Committee on Ways and Means as the revenue title (title V) of the Surface Transportation Assistance Act (H.R. 6211) of 1982 as proposed to be amended by the Committee on Public Works and Transportation.

Trust Fund balances

According to the 26th Annual Report on the Highway Trust Fund,[8] the cash balance in the Trust Fund was $9.259 million as of September 30, 1981. The Trust Fund balance is projected to be $8,601 million at the end of fiscal year 1982.

The unpaid Trust Fund obligations amounted to $12.893 million at the end of fiscal year 1981, and are estimated to be $12,909 mil-

[8] Communication from Fiscal Assistant Secretary of the Treasury, H. Doc. 97-189, May 27, 1982.

lion at the end of fiscal year 1982 and $12,605 million at the end of fiscal year 1983. Unpaid Trust Fund authorizations amounted to $18,713 million at the end of fiscal year 1981, and are estimated to be $18,810 million at the end of fiscal year 1982. (These figures reflect updated estimates by the Treasury Department subsequent to the 26th Annual Report.)

Limitation on Trust Fund apportionments—"Byrd amendment"

Section 209(g) of the Revenue Act of 1956, as amended in 1978, provides that Trust Fund apportionments for a fiscal year to the States would have to be adjusted downward on a proportionate basis, if projected Trust Fund revenues would not be sufficient to pay for outstanding authorizations plus those for the fiscal year in question (i.e., the Trust Fund cannot operate on a projected deficit basis).

As indicated in the following tabulation, Trust Fund revenues would be insufficient to cover outstanding unpaid authorizations plus the full amount of fiscal year 1983 Trust Fund authorizations as proposed by the Committee on Public Works and Transportation (introduced in H.R. 6965).[9]

	Millions
Estimated fiscal year 1982 Trust Fund balance	$8,601
Plus: fiscal year 1983 Trust Fund revenues (taxes and interest)	7,822
Subtotal available	16,423
Outstanding unpaid Trust Fund authorizations (end of fiscal year 1982)	18,810
Preliminary amount available	−2,387
Plus: fiscal year 1984 Trust Fund revenues (including $182 million in taxes to be collected in fiscal year 1985 from pre-Oct. 1, 1984, tax liabilities)	8,230
Trust Fund amount available for fiscal year 1983 authorizations	5,843
Trust Fund authorizations for fiscal year 1983 under H.R. 6965 [10]	9,522
Trust Fund shortfall	[11] −$3,679

Thus, under the Byrd Amendment, the full amount of fiscal year 1983 Trust Fund authorizations could not be made without extending the Trust Fund taxes beyond September 30, 1984.

[9] H.R. 6965 (the Surface Transportation Assistance Act of 1982) is intended to be offered as a substitute amendment on the House floor to H.R. 6211 as previously reported by the Committee on Public Works and Transportation.

[10] H.R. 6965 would impose an obligational ceiling of $8.8 billion for fiscal year 1983.

[11] If interest of $380 million accruing to the Trust Fund for fiscal year 1985 were counted in the projected available Trust Fund revenues, the shortfall would be −$2,849 million.

C. Explanation of Provisions

H.R. 7092 (the Highway Revenue Act of 1982) is intended to be the revenue title (title V) provided by the Committee on Ways and Means to the highway authorization bill approved by the Committee on Public Works and Transportation for fiscal year 1983.

The bill extends through September 30, 1985, for one additional year, the highway excise taxes presently in effect and the deposit of such highway tax revenues to the Trust Fund for one year, through September 30, 1985. The bill also extends the present exemption from the fuels taxes for qualified taxicabs for two years, through December 31, 1984. In addition, the bill transfers the Highway Trust Fund provisions of present law (sec. 209 of the Highway Revenue Act of 1956), with certain updating modifications, to the Internal Revenue Code, as new Code section 9503. Further, the bill extends the Trust Fund expenditure authority for one year also (through September 30, 1985).

One-year extension of Trust Fund taxes

The bill amends the following Internal Revenue Code excise tax sections by extending the present tax rates (see Table 1) for one year, or through September 30, 1985:

(1) section 4041(e) (relating to tax on diesel and special motor fuels);

(2) section 4061(a)(1) (relating to imposition of tax on trucks, trailers, etc.);

(3) section 4061(b)(1) (relating to imposition of tax on truck parts and accessories);

(4) section 4071(d) (relating to imposition of tax on tires and tubes);

(5) section 4081(b) (relating to imposition of tax on gasoline); and

(6) sections 4481 (a) and (e) and 4482(c)(4) relating to imposition of tax on use of highway motor vehicles).

The bill also makes conforming changes in the appropriate highway-related refund provisions of the Code and floor stock refunds.

Two-year extension of fuels tax exemption for qualified taxicabs

The bill extends the present exemption from the taxes on motorfuels for qualified taxicabs (see footnote 5, *supra*) for two years, through December 31, 1984.

Transfer of Trust Fund to Internal Revenue Code; one-year extension of revenues to the Trust Fund and Trust Fund expenditure authority

The bill transfers the Highway Trust Fund statute, with certain updating modifications, to the Trust Fund Code of the Internal Revenue Code (as new section 9503), effective October 1, 1982. The bill standardizes and updates provisions of the Highway Trust Fund to

conform to the language of other trust funds in the Internal Revenue Code. The committee intends no other substantive effect in deleting archaic language in the existing Trust Fund statute.

The Trust Fund would continue for an additional year to be the depository of the amounts received from the highway excise taxes and other sources which are appropriated or credited to the Trust Fund (generally, interest earned on the Trust Fund balance). Transfers of present highway excise tax revenues to the Trust Fund would be made through September 30, 1985, and receipts from pre-October 1, 1985 tax liabilities would continue to be credited to the Trust Fund for an additional 9-month period (or through June 30, 1986.)

Expenditures may be made from the Trust Fund for one additional year, or before October 1, 1985, to meet obligations incurred which are (1) authorized (as of September 15, 1982) by law to be extended out of the Highway Trust Fund established by section 209 of the Highway Revenue Act of 1956, or (2) incurred under titles I and II of the Surface Transportation Assistance Act of 1982 (as contained in H.R. 6965, as introduced).

Other transfers may be made from the Trust Fund to the general fund for subsequent payment of refund claims for nonhighway uses of gasoline and nontaxable uses of lubricating oil. Similar transfers may be made for amounts equivalent to floor stock refunds, and for income tax credits relating to certain uses of gasoline, special fuels and lubricating oil.

Transfers from the Trust Fund continue to be authorized also for amounts equivalent to motorboat fuel tax revenues to the National Recreational Boating Safety and Facilities Improvement Fund and the Land and Water Conservation Fund. As under present law, no more than $20 million may be transferred to the Boating Safety Fund in any fiscal year, and no funds may be transferred that would increase the fund balance above $20 million.[12] The existing authority to transfer revenues to the Boating Safety Fund expires on October 1, 1983.

The present law "Byrd Amendment," which requires a reduction in the apportionment of Trust Fund authorizations for a fiscal year where projected Trust Fund revenues are insufficient to cover unpaid (outstanding) Trust Fund authorizations plus the fiscal year involved, also is included in the new Highway Trust Fund Code Section.

A provision authorizing repayable advances to the Trust Fund from the general fund in certain limited circumstances is deleted because it has not been used apparently since 1966. Also, the Byrd amendment would appear to preclude use of repayable advances.

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[12] The balance of the motorboat fuel tax revenues would continue to be transferred to the Land and Water Conservation Fund, as under present law.

III. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

Budget Effects

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made about the effect on the budget of this bill, H.R.7092. The committee estimates that the one-year extension of present highway excise tax rates (through September 30, 1985) and the two-year extension of the fuels tax exemption for qualified taxicabs contained in the bill will have the following revenue effects.

Provision	Fiscal years (millions of dollars)			
	1983	1984	1985	1986
1-year extension of highway excise taxes:				
Gross increase in Trust Fund excise tax receipts			4,061	152
Net increase in budget receipts (after income tax offsets)			3,046	114
2-year extension of exemption for certain taxi cabs from gasoline and special fuel taxes:				
Gross change in tax	−2	−3	−1	-----
Net change in budget receipts	−2	−2	−1	-----
Total revenue effect of the bill:				
Gross change in highway excise tax receipts	**−2**	**−3**	**4,060**	**152**
Net change in budget receipts (after income tax offsets)	**−2**	**−2**	**3,045**	**114**

The Treasury Department agrees with this statement.

Vote of the Committee

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made about the vote of the committee on the motion to report the bill, as amended. The bill, H.R. 7092, as amended, was ordered favorably reported by voice vote.

IV. OTHER MATTERS TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clause 3(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to the committee action on H.R. 7092, as amended.

Oversight Findings

With respect to subdivision (A) of clause 2(l)(3) (relating to oversight findings), the committee advises that it was as a result of the committee's oversight activities with respect to the need to finance the fiscal year 1983 Highway Trust Fund authorizations approved by the Committee on Public Works and Transportation that the committee concluded that it is appropriate to enact the provisions contained in the bill.

New Budget Authority and Tax Expenditures

With respect to subdivision (B) of clause 2(l)(3), after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by this bill involve no new budget authority or new or increased tax expenditures.

Consultation with Congressional Budget Officials on Budget Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated in part III of this report) and submitted the following statement:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with the Budget Act, the Congressional Budget Office has examined H.R. 7092. This bill would provide for a one-year extension of the Highway Trust Fund and the existing highway excise taxes which are scheduled to decline or expire after September 30, 1984. The bill would also transfer the provisions of the Highway Trust Fund to the Internal Revenue Code, as well as providing for a two year extension of the exemption of gasoline taxes for qualified taxicabs, which expires December 31, 1982.

The bill does not provide any new budget authority or any new or increased tax expenditures.

In accordance with Section 403 of the Budget Act, the Congressional Budget Office estimates that the two-year extension of the taxicab fuels exemption will result in a decrease in highway excise taxes of $2 million in 1983 and $3 million in 1984. The extension of present law Highway Trust Fund excise taxes for one year will result in $4,060 million in additional highway excise tax revenues in fiscal year 1985 and $152 million in fiscal year 1986, over what would be collected if present tax rates were not extended.

Sincerely,

RAYMOND C. SCHEPPACH
(For Alice M. Rivlin, Director).

Oversight by Committee on Government Operations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of this bill.

Inflationary Impact

In compliance with clause 2(l)(4), the committee states that the enactment of this bill is not expected to have an overall inflationary impact on prices and costs in the operation of the national economy, since the bill merely continues the present law highway excise tax rates for one additional year, through September 30, 1985.

V. Changes in Existing Law Made by the Bill, As Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE OF 1954

* * * * * * *

Subtitle D—Miscellaneous Excise Taxes

* * * * * * *

CHAPTER 31—SPECIAL FUELS

* * * * * * *

SEC. 4041. IMPOSITION OF TAX.

(a) DIESEL FUEL.— * * *

* * * * * * *

(e) RATE REDUCTION.—On and after October 1, [1984] *1985*—

(1) the taxes imposed by subsections (a) and (b) shall be 1½ cents a gallon, and

(2) the second and third sentences of subsections (a) and (b) shall not apply.

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CHAPTER 32—MANUFACTURERS EXCISE TAXES

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Subchapter A—Automotive and Related Items

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PART I—MOTOR VEHICLES

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SEC. 4061. IMPOSITION OF TAX

(a) TRUCKS, BUSES, TRACTORS, ETC.—

(1) TAX IMPOSED.—There is hereby imposed upon the following articles (including in each case parts or accessories therefor sold on or in connection therewith or with the sale thereof) sold by the

manufacturer, producer, or importer a tax of 10 percent of the price for which so sold, except that on and after October 1, [1984] *1985*, the rate shall be 5 percent—

Automobile truck chassis.
Automobile truck bodies.
Automobile bus chassis.
Automobile bus bodies.
Truck and bus trailer and semitrailer chassis.
Truck and bus trailer and semitrailer bodies.
Tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer.

A sale of an automobile truck, bus, truck or bus trailer or semitrailer shall, for the purposes of this subsection, be considered to be a sale of a chassis and of a body enumerated in this subsection.

* * * * * * *

(b) PARTS AND ACCESSORIES—

(1) Except as provided in paragraph (2), there is hereby imposed upon parts or accessories (other than tires and inner tubes) for any of the articles enumerated in subsection (a)(1) sold by the manufacturer, producer, or importer a tax equivalent to 8 percent of the price for which so sold, except that on and after October 1, [1984,] *1985*, the rate shall be 5 percent.

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PART II—TIRES AND TUBES

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SEC. 4071. IMPOSITION OF TAX.

(a) IMPOSITION AND RATE OF TAX.—* * *

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(d) RATE REDUCTION.—On and after October 1, [1984] *1985*—

(1) the tax imposed by paragraph (1) of subsection (a) shall be 4.875 cents a pound;

(2) the tax imposed by paragraph (3) of subsection (a) shall be 9 cents a pound; and

(3) paragraph (4) of subsection (a) shall not apply.

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PART III—PETROLEUM PRODUCTS

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Subpart A—Gasoline

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SEC. 4081. IMPOSITION OF TAX.

(a) IN GENERAL.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 4 cents a gallon.

(b) RATE REDUCTION.—On and after October 1, [1984], *1985*, the tax imposed by this section shall be 1½ cents a gallon.

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CHAPTER 36—CERTAIN OTHER EXCISE TAXES

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Subchapter D—Tax on Use of Certain Vehicles

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SEC. 4481. IMPOSITION OF TAX.

(a) IMPOSITION OF TAX.—A tax is hereby imposed on the use of any highway motor vehicle which (together with the semitrailers and trailers customarily used in connection with highway motor vehicles of the same type as such highway motor vehicle) has a taxable gross weight of more than 26,000 pounds, at the rate of $3.00 a year for each 1,000 pounds of taxable gross weight or fraction thereof. In the case of the taxable period beginning on July 1, 1984, and ending on September 30, [1984], *1985*, the tax shall be at the rate of 75 cents for such period for each 1,000 pounds of taxable gross weight or fraction thereof.

* * * * * * *

(e) PERIOD TAX IN EFFECT.—The tax imposed by this section shall apply only to use before October 1, [1984] *1985*.

SEC. 4482. DEFINITIONS

(a) HIGHWAY MOTOR VEHICLE.—* * *

* * * * * * *

(c) OTHER DEFINITIONS.—For purposes of this subchapter—

(1) STATE.—The term "State" means a State and the District of Columbia.

(2) YEAR.—The term "year" means the one-year period beginning on July 1.

(3) USE.—The term "use" means use in the United States on the public highways.

(4) TAXABLE PERIOD.—The term "taxable period" means any year beginning before July 1, [1984] *1985*, and the period which begins on July 1, [1984] *1985*, and ends at the close of September 30, [1984] *1985*.

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Subtitle F—Procedure and Administration

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CHAPTER 62—TIME AND PLACE FOR PAYING TAX

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Subchapter A—Place and Due Date for Payment of Tax

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SEC. 6156. INSTALLATION PAYMENTS OF TAX ON USE OF HIGHWAY MOTOR VEHICLES AND CIVIL AIRCRAFT.

(a) PRIVILEGE TO PAY TAX IN INSTALLMENTS.—* * *

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(e) SECTION INAPPLICABLE TO CERTAIN LIABILITIES.—This section shall not apply to any liability for tax incurred in—

(1) April, May, or June of any year, or

(2) July, August, or September of [1984] *1985* in the case of the tax imposed by section 4481.

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CHAPTER 65—ABATEMENTS, CREDITS, AND REFUNDS

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Subchapter B—Rules of Special Application

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SEC. 6412. FLOOR STOCKS REFUNDS.

(a) IN GENERAL.—

(1) TRUCKS, TIRES, TUBES, TREAD RUBBER, AND GASOLINE.—Where before October 1, 1984, any article subject to the tax imposed by section 4061(a)(1), 4071(a)(1), (3), or (4), or 4081 has been sold by the manufacturer, producer, or importer and on such date is held by a dealer and has not been used and is intended for sale (or, in the case of tread rubber, is intended for sale or is held for use), there be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the difference between the tax paid by such manufacturer, producer, or importer on his sale of the article and the amount of tax made applicable to such article on and after October 1, [1984] *1985*, if claim for such credit or refund is filed with the Secretary on or before March 31, [1985] *1986*, based upon a request submitted to the manufacturer, producer, or importer before January 1, [1985] *1986*, by the dealer who held the article in respect of which the credit or refund is claimed, and, on or before March 31, [1985] *1986* reimbursement has been made to such dealer by such manufacturer, producer, or importer for the tax reduction on such article or written consent has been obtained from such dealer to allowance of such credit or refund. No credit or refund shall be allowable under this paragraph with respect to gasoline in retail stocks held at the place where intended to be sold at retail, nor with respect to gasoline held for sale by a producer or importer of gasoline. No credit or refund shall be allowable under this paragraph with respect to inner tubes for bicycle tires (as defined in section 4221(e)(4)(B)).

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SEC. 6421. GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES OR BY LOCAL TRANSIT SYSTEMS.

(a) NONHIGHWAY USES.— * * *

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(h) EFFECTIVE DATE.—This section shall apply only with respect to gasoline purchased before October 1, [1984] *1985*.

SEC. 6427. FUELS NOT USED FOR TAXABLE PURPOSES.

(a) NONTAXABLE USES.—* * *

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(e) USE IN CERTAIN TAXICABS.—
(1) IN GENERAL.—* * *

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(3) TERMINATION.—This subsection shall not apply after December 31, [1982] *1984*.

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Subtitle I—Trust Fund Code

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CHAPTER 98—TRUST FUND CODE

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Subchapter A—Establishment of Trust Funds

Sec. 9501. Establishment of Black Lung Disability Trust Fund.

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Sec. 9503. Highway Trust Fund.

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SEC. 9503. HIGHWAY TRUST FUND.

(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the "Highway Trust Fund", consisting of such amounts as may be appropriated or credited to the Highway Trust Fund as provided in this section or section 9602(b).

(b) TRANSFER TO HIGHWAY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

(1) IN GENERAL.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the taxes received in the Treasury before October 1, 1985, under the following provisions—

(A) section 4041 (relating to taxes on diesel fuels and special motor fuels),

(B) section 4061 (relating to tax on trucks and truck parts),

(C) section 4071 (relating to tax on tires and tread rubber),

(D) section 4081 (relating to tax on gasoline),

(E) section 4091 (relating to tax on lubricating oil), and

(F) section 4481 (relating to tax on use of certain vehicles).

(2) LIABILITIES INCURRED BEFORE OCTOBER 1, 1985.—There are hereby appropriated to the Highway Trust Fund amounts equivalent to the taxes which are received in the Treasury after September 30, 1985, and before July 1, 1986, and which are attributable to liability for tax incurred before October 1, 1985, under the provisions described in paragraph (1).

(3) ADJUSTMENTS FOR AVIATION USES.—The amounts described in paragraphs (1) and (2) with respect to any period shall (before the application of this subsection) be reduced by appropriate amounts to reflect any amounts transferred to the Airport and Airway Trust Fund under section 9502(b) with respect to such period.

(c) EXPENDITURES FROM HIGHWAY TRUST FUND.—

(1) FEDERAL-AID HIGHWAY PROGRAM.—Amounts in the Highway Trust Fund shall be available, as provided by appropriation Acts, for making expenditures before October 1, 1985, to meet those obligations of the United States heretofore or hereafter which are—

(A) authorized (as of September 15, 1982) by law to be paid out of the Highway Trust Fund established by section 209 of the Highway Revenue Act of 1956, or

(B) incurred under title I or II of the Surface Transportation Assistance Act of 1982 (as contained in H.R. 6965, as introduced).

(2) TRANSFERS FROM HIGHWAY TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

(A) IN GENERAL.—The Secretary shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amounts equivalent to—

(i) the amounts paid before July 1, 1986, under—

(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems),

(III) section 6424 (relating to amounts paid in respect of lubricating oil used for certain nontaxable purposes), and

(IV) section 6427 (relating to fuels not used for taxable purposes),

on the basis of claims filed for periods ending before October 1, 1985, and

(ii) the credits allowed under section 39 (relating to credit for certain uses of gasoline, special fuels, and lubricating oil) with respect to gasoline, special fuels, and lubricating oil used before October 1, 1985.

(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraphs (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess or less than the amounts required to be transferred.

(C) EXCEPTION FOR USE IN AIRCRAFT AND MOTORBOATS.—This paragraph shall not apply to amounts estimated by the Secretary as attributable to use of gasoline and special fuels in motorboats or in aircraft.

(3) 1985 FLOOR STOCKS REFUNDS.—The Secretary shall pay from time to time from the Highway Trust Fund into the general fund of the Treasury amounts equivalent to the floor stocks refunds made before July 1, 1986, under section 6412(a).

(4) TRANSFERS FROM THE TRUST FUND FOR MOTORBOAT FUEL TAXES.—

(A) TRANSFER TO NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND.—

(i) IN GENERAL.—*The Secretary shall pay from time to time from the Highway Trust Fund into the National Recreational Boating Safety and Facilities Improvement Fund established by section 202 of the Recreational Boating Fund Act amounts (as determined by him) equivalent to the motor boat fuel taxes received on or after October 1, 1980, and before October 1, 1983.*

(I) LIMIT ON TRANSFERS DURING ANY FISCAL YEAR.—*The aggregate amount transferred under this subparagraph during any fiscal year shall not exceed $20,000,000.*

"(II) LIMIT ON AMOUNT IN FUND.—*No amount shall be transferred under this subparagraph if the Secretary determines that such transfer would result in increasing the amount in the National Recreational Boating Safety and Facilities Improvement Fund to a sum in excess of $20,000,000.*

(B) EXCESS FUNDS TRANSFERRED TO LAND AND WATER CONSERVATION FUND.—*Any amount received in the Highway Trust Fund which it attributable to motorboat fuel taxes and which is not transferred from the Highway Trust Fund under subparagraph (A) shall be transferred by the Secretary from the Highway Trust Fund into the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965.*

(C) MOTORBOAT FUEL TAXES.—*For purposes of this paragraph, the term "motorboat fuel taxes" means the taxes under section 4041(b) with respect to special motor fuels used as fuel in motorboats and under section 4081 with respect to gasoline used as fuel in motorboats.*

(d) ADJUSTMENTS OF APPORTIONMENTS.—

(1) ESTIMATES OF AMOUNT AVAILABLE FOR EXPENDITURE.—*The Secretary of the Treasury shall from time to time, after consultation with the Secretary of Transportation, estimate the amounts which will be available in the Highway Trust Fund to defray the expenditures which will be required to be made from the Highway Trust Fund.*

(2) INITIAL PROCEDURE WHERE THERE IS SHORTFALL.—*If the Secretary of the Treasury determines that, after all other expenditures required to be made from the Highway Trust Fund have been defrayed, the amounts which will be available in the Highway Trust Fund will be insufficient to defray the expenditures which will be required as a result of the apportionment to the*

States of the amounts authorized to be appropriated from the Highway Trust Fund for any fiscal year—

(A) he shall so advise the Secretary of Transportation, and

(B) he shall further advise the Secretary of Transportation as to the amount which, after all other expenditures required to be made from the Highway Trust Fund have been defrayed, will be available in the Highway Trust Fund to defray the expenditures required as a result of the apportionment to the States for such fiscal year.

(3) DETERMINATION OF PERCENTAGE.—The Secretary of Transportation shall determine the percentage which the amount referred to in paragraph (2)(B) is of the amount authorized to be appropriated from the Highway Trust Fund for such fiscal year for apportionment to the States.

(4) ADJUSTMENT OF APPORTIONMENTS.—Notwithstanding any other provision of law, the Secretary of Transportation shall (after determining a percentage for a fiscal year under paragraph (3)) apportion to the States for such fiscal year (in lieu of the amount which but for the provisions of this subsection would be so apportioned) the amount obtained by multiplying the amount authorized to be appropriated for such fiscal year by such percentage.

(5) APPORTIONMENT OF AMOUNTS PREVIOUSLY WITHHELD FROM APPORTIONMENT.—Whenever the Secretary of the Treasury determines that there will be available in the Highway Trust Fund amounts which, after all other expenditures required to be made from the Highway Trust Fund have been defrayed, will be available to defray the expenditures required as a result of the apportionment of funds previously withheld from apportionment for any fiscal year, he shall so advise the Secretary of Transportation. The Secretary of Transportation shall apportion to the States such portion of the funds so withheld from apportionment as the Secretary of the Treasury has advised him may be so apportioned without causing expenditures from the Highway Trust Fund to exceed amounts available in the Highway Trust Fund to defray such expenditures. Any funds apportioned pursuant to the preceding sentence shall remain available for the period for which they would be available if such apportionment took effect with the fiscal year in which they are apportioned pursuant to the preceding sentence.

* * * * * * *

SECTION 209 OF THE HIGHWAY REVENUE ACT OF 1956

[SEC. 209. HIGHWAY TRUST FUND.

[(a) CREATION OF TRUST FUND.—There is hereby established in the Treasury of the United States a trust fund to be known as the "Highway Trust Fund" (hereinafter in this section called the "Trust Fund"). The Trust Fund shall consist of such amounts as may be appropriated or credited to the Trust Fund as provided in this section.**]**

(b) DECLARATION OF POLICY.—It is hereby declared to be the policy of the Congress that if it hereafter appears—

(1) that the total receipts of the Trust Fund (exclusive of advances under subsection (d)) will be less than the total expenditures from such Fund (exclusive of repayments of such advances); or

(2) that the distribution of the tax burden among the various classes of persons using the Federal-aid highways, or otherwise deriving benefits from such highways, is not equitable,

the Congress shall enact legislation in order to bring about a balance of total receipts and total expenditures, or such equitable distribution, as the case may be.

[(c) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

[(1) IN GENERAL.—There is hereby appropriated to the Trust Fund, out of any money in the Treasury not otherwise appropriated, amounts equivalent to the following percentages of the taxes received in the Treasury before October 1, 1984, under the following provisions of the Internal Revenue Code of 1954 (or under the corresponding provisions of prior revenue laws)—

[(A) 100 percent of the taxes received after June 30, 1956, under sections 4041 (taxes on diesel fuel and special motor fuels), 4071(a)(4) (tax on tread rubber), and 4081 (tax on gasoline);

[(B) 20 percent of the tax received after June 30, 1956, and before July 1, 1957, under section 4061(a)(1) (tax on trucks, buses, etc.);

[(C) 50 percent of the tax received after June 30, 1957, and before July 1, 1962, under section 4061(a)(1) (tax on trucks, buses, etc.), and 100 percent of the tax received after June 30, 1962, under section 4061(a)(1);

[(D) 37½ percent of the tax received after June 30, 1956, and before July 1, 1957, under section 4071(a)(1) (tax on tires of the type used on highway vehicles);

[(E) 100 percent of the taxes received after June 30, 1957, under section 4071(a) (1), (2), (3), and (5) (taxes on tires of the type used on highway vehicles, other tires, and inner tubes);

[(F) 100 percent of the tax received under section 4481 (tax on use of certain vehicles);

[(G) 100 percent of the floor stocks taxes imposed by section 4226(a); and

[(H) 100 percent of the taxes received after December 31, 1965, under sections 4061(b) (tax on parts and accessories for trucks, buses, etc.) and 4091 (tax on lubricating oil).

In the case of any tax described in subparagraph (A), (B), or (D), amounts received during the fiscal year ending June 30, 1957, shall be taken into account only to the extent attributable to liability for tax incurred after June 30, 1956. In the case of any tax described in subparagraph (H), amounts received during the calendar year 1966 shall be taken into account only to the extent attributable to liability for tax incurred after December 31, 1965.

[(3) LIABILITIES INCURRED BEFORE OCTOBER 1, 1984, FOR NEW OR INCREASED TAXES.—There is hereby appropriated to the Trust Fund, out of any money in the Treasury not otherwise appropriated, amounts equivalent to the following percentages of the taxes which are received in the Treasury after September 30, 1984, and before July 1, 1985, and which are attributable to liability for tax incurred before October 1, 1984, under the following provisions of the Internal Revenue Code of 1954—

[(A) 100 percent of the taxes under sections 4041 (taxes on diesel fuel and special motor fuels), 4061(b) (tax on parts and accessories for trucks, buses, etc.), 4071(a)(4) (tax on tread rubber), 4081 (tax on gasoline), and 4091 (tax on lubricating oil);

[(B) 20 percent of the tax under section 4061(a)(1) (tax on trucks, buses, etc.);

[(C) 50 percent of the tax under section 4071(a)(1) (tax on tires of the type used on highway vehicles) and 10 percent of the tax under section 4071(a)(3) (tax on inner tubes for tires); and

[(D) 100 percent of the tax under section 4481 (tax on use of certain vehicles).

[(4) METHOD OF TRANSFER.—The amounts appropriated in paragraphs (1), (2), and (3) shall be transferred at least monthly from the general fund of the Treasury to the Trust Fund on the basis of estimates by the Secretary of the Treasury of the amounts referred to in paragraphs (1), (2), and (3), received in the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

[(5) ADJUSTMENTS FOR AVIATION USES.—The amounts described in paragraphs (1)(A) and (3)(A) with respect to any period shall (before the application of this subsection) be reduced by appropriate amounts to reflect any amounts transferred to the Airport and Airway Trust Fund under section 208(b) of the Airport and Airway Revenue Act of 1970 with respect to such period. The amounts described in paragraphs (1)(E) and (3)(C) with respect to any period shall (before the application of this subsection) be reduced by appropriate amounts to reflect any amounts transferred to the Airport and Airway Trust Fund under section 208(b)(3) of the Airport and Airway Revenue Act of 1970 with respect to such period.

[(d) ADDITIONAL APPROPRIATIONS TO TRUST FUND.—There are hereby authorized to be appropriated to the Trust Fund, as repayable advances, such additional sums as may be required to make the expenditures referred to in subsection (f).

[(e) MANAGEMENT OF TRUST FUND.—

[(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to hold the Trust Fund, and (after consultation with the Secretary of Commerce) to report to the Congress not later than the first day of June of each year on the financial condition and the results of the operations of the Trust Fund during the preceding fiscal year and on its expected condition and operations

during each fiscal year thereafter up to and including the fiscal year ending September 30, 1985. Such report shall be printed as a House document of the session of the Congress to which the report is made.

[(2) INVESTMENT.—It shall be the duty of the Secretary of the Treasury to invest such portion of the Trust Fund as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States. For such purpose such obligations may be acquired (A) on original issue at the issue price, or (B) by purchase of outstanding obligations at the market price. The purposes for which obligations of the United States may be issued under the Second Liberty Bond Act, as amended, are hereby extended to authorize the issuance at par of special obligations exclusively to the Trust Fund. Such special obligations shall bear interest at a rate equal to the average rate of interest, computed as to the end of the calendar month next preceding the date of such issue, borne by all marketable interest-bearing obligations of the United States then forming a part of the Public Debt; except that where such average rate is not a multiple of one-eighth of 1 percent, the rate of interest of such special obligations shall be the multiple of one-eighth of 1 percent next lower than such average rate. Such special obligations shall be issued only if the Secretary of the Treasury determines that the purchase of other interest-bearing obligations of the United States, or of obligations guaranteed as to both principal and interest by the United States on original issue or at the market price, is not in the public interest. Advances to the Trust Fund pursuant to subsection (d) shall not be invested.

[(3) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund (except special obligations issued exclusively to the Trust Fund) may be sold by the Secretary of the Treasury at the market price, and such special obligations may be redeemed at par plus accrued interest.

[(4) INTEREST AND CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund shall be credited to and form a part of the Trust Fund.

[(f) EXPENDITURES FROM TRUST FUND.—

[(1) FEDERAL-AID HIGHWAY PROGRAM.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, for making expenditures after June 30, 1956, and before October 1, 1984, to meet those obligations of the United States heretofore or hereafter incurred under the Federal-Aid Road Act approved July 11, 1916, as amended and supplemented, which are attributable to Federal-aid highways (including those portions of general administrative expenses of the Bureau of Public Roads payable from such appropriations).

[(2) REPAYMENT OF ADVANCES FROM GENERAL FUND.—Advances made pursuant to subsection (d) shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Trust Fund for such purposes. Such interest shall be at rates computed in the same manner as provided in subsection (e)(2) for special obligations and shall be compounded annually.

[(3) TRANSFERS FROM TRUST FUND FOR GASOLINE AND LUBRICATING OIL USED FOR CERTAIN PURPOSES.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the amounts paid before July 1, 1985, under sections 6420 (relating to amounts paid in respect of gasoline used on farms), 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and 6424 (relating to amounts paid in respect of lubricating oil used for certain nontaxable purposes) of the Internal Revenue Code of 1954 on the basis of claims filed for periods beginning after June 30, 1956, and ending before October 1, 1984. This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as paid under section 6421 of such Code with respect to gasoline used after December 31, 1964, in motorboats. This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as paid under sections 6420 and 6421 of such Code with respect to gasoline used after June 30, 1970, in aircraft.

[(4) 1984 FLOOR STOCKS REFUNDS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the following percentages of the floor stocks refunds made before July 1, 1985, under section 6412(a)(2) of the Internal Revenue Code of 1954—

[(A) 40 percent of the refunds in respect of articles subject to the tax imposed by section 4061(a)(1) of such Code (trucks, buses, etc.);

[(B) 100 percent of the refunds in respect of articles subject to tax under section 4071(a)(1), (3), or (4) of such Code (certain tires, tubes, and tread rubber); and

[(C) 80 percent of the refunds in respect of gasoline subject to tax under section 4081 of such Code (other than gasoline to be used in motorboats, as estimated by the Secretary of the Treasury).

[(5) TRANSFERS FROM THE TRUST FUND FOR MOTORBOAT FUEL TAXES.—

[(A) TRANSFER TO NATIONAL RECREATIONAL BOATING SAFETY AND FACILITIES IMPROVEMENT FUND.—

[(i) IN GENERAL.—The Secretary of the Treasury shall pay from time to time from the trust fund into the National Recreational Boating Safety and Facilities Improvement Fund established by section 202 of the Recreational Boating Fund Act amounts (as determined by him) equivalent to the motorboat fuel taxes received on or after October 1, 1980, and before October 1, 1983.

(ii) LIMITATIONS.—

[(I) LIMIT ON TRANSFERS DURING ANY FISCAL YEAR.—The aggregate amount transferred under this subparagraph during any fiscal year shall not exceed $20,000,000.

[(II) LIMIT ON AMOUNT IN FUND.—No amount shall be transferred under this subparagraph if the Secretary determines that such transfer would result in increasing the amount in the National Recreational Boating Safety and Facilities Improvement Fund to a sum in excess of $20,000,000.

[(B) EXCESS FUNDS TRANSFERRED TO LAND AND WATER CONSERVATION FUND.—Any amount received in the trust fund which is attributable to motorboat fuel taxes and which is not transferred from the trust fund under subparagraph (A) shall be transferred by the Secretary from the trust fund into the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965.

[(C) MOTORBOAT FUEL TAXES.—For purposes of this paragraph, the term "motorboat fuel taxes" means the taxes under section 4041(b) of the Internal Revenue Code of 1954 with respect to special motor fuels used as fuel in motorboats and under section 4081 of such Code with respect to gasoline used as fuel in motorboats.

[(6) TRANSFERS FROM THE TRUST FUND FOR INCOME TAX CREDITS ALLOWED FOR CERTAIN USES OF GASOLINE, SPECIAL FUELS, AND LUBRICATING OIL.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the credits allowed under section 39 of the Internal Revenue Code of 1954 (relating to credit for certain uses of gasoline, special fuels, and lubricating oil) with respect to gasoline, special fuels, and lubricating oil used before October 1, 1984. Such amounts shall be transferred on the basis of estimates by the Secretary of the Treasury, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess or less than the credits allowed. This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as attributable to the use after June 30, 1970, of gasoline and special fuels in aircrafts.

[(7) TRANSFERS FROM TRUST FUND FOR NONTAXABLE USES OF FUELS.—The Secretary of the Treasury shall pay from time to time from the Trust Fund into the general fund of the Treasury amounts equivalent to the amounts paid before July 1, 1985, under section 6427 of the Internal Revenue Code of 1954 (relating to fuels not used for taxable purposes) on the basis of claims filed for fuels used before October 1, 1984. This paragraph shall not apply to amounts estimated by the Secretary of the Treasury as paid under such section 6427 with respect to fuels used in aircraft.

[(g) ADJUSTMENTS OF APPORTIONMENTS.—

[(1) ESTIMATES OF AMOUNT AVAILABLE FOR EXPENDITURE.—The Secretary of the Treasury shall from time to time, after consultation with the Secretary of Transportation, estimate the amounts

which will be available in the Trust Fund (excluding repayable advances) to defray the expenditures which will be required to be made from the Trust Fund.

[(2) INITIAL PROCEDURE WHERE THERE IS SHORTFALL.—If the Secretary of the Treasury determines that, after all other expenditures required to be made from the Trust Fund have been defrayed, the amounts which will be available in the Trust Fund (excluding repayable advances) will be insufficient to defray the expenditures which will be required as a result of the apportionment to the States of the amounts authorized to be appropriated from the Trust Fund for any fiscal year—

[(A) he shall so advise the Secretary of Transportation, and

[(B) he shall further advise the Secretary of Transportation as to the amount which, after all other expenditures required to be made from the Trust Fund have been defrayed, will be available in the Trust Fund (excluding repayable advances) to defray the expenditures required as a result of the apportionment to the States for such fiscal year.

[(3) DETERMINATION OF PERCENTAGE.—The Secretary of Transportation shall determine the percentage which the amount referred to in paragraph (2)(B) is of the amount authorized to be appropriated from the Trust Fund for such fiscal year for apportionment to the States.

[(4) ADJUSTMENT OF APPORTIONMENTS.—Notwithstanding any other provision of law, the Secretary of Transportation shall (after determining a percentage for a fiscal year under paragraph (3)) apportion to the States for such fiscal year (in lieu of the amount which but for the provisions of this subsection would be so apportioned) the amount obtained by multiplying the amount authorized to be appropriated for such fiscal year by such percentage.

[(5) APPORTIONMENT OF AMOUNTS PREVIOUSLY WITHHELD FROM APPORTIONMENT.—Whenever the Secretary of the Treasury determines that there will be available in the Trust Fund (excluding repayable advances) amounts which, after all other expenditures required to be made from the Trust Fund have been defrayed, will be available to defray the expenditures required as a result of the apportionment of funds previously withheld from apportionment for any fiscal year, he shall so advise the Secretary of Transportation. The Secretary of Transportation shall apportion to the States such portion of the funds so withheld from apportionment as the Secretary of the Treasury has advised him may be apportioned without causing expenditures from the Trust Fund to exceed amounts available in the Trust Fund (excluding repayable advances) to defray such expenditures. Any funds apportioned pursuant to the preceding sentence shall remain available for the period for which they would be available if such apportionment took effect with the fiscal year in which they are apportioned pursuant to the preceding sentence.]

SECTION 201 OF THE LAND AND WATER CONSERVATION FUND ACT OF 1965

TITLE II—MOTORBOAT FUEL TAX PROVISIONS

TRANSFERS TO AND FROM LAND AND WATER CONSERVATION FUND

SEC. 201. (a) There shall be set aside in the land and water conservation fund in the Treasury of the United States provided for in title I of this Act the amounts specified in section 209(f)(5) of the Highway Revenue Act of 1956 (relating to special motor fuels and gasoline used in motorboats).

(b) There shall be paid from time to time from the land and water conservation fund into the general fund of the Treasury amounts estimated by the Secretary of the Treasury as equivalent to—

(1) the amounts paid before October 1, [1985] *1986*, under section 6421 of the Internal Revenue Code of 1954 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems) with respect to gasoline used after December 31, 1964, in motorboats, on the basis of claims filed for periods ending before October 1, [1984] *1985*; and

(2) 80 percent of the floor stocks refunds made before October 1, [1985] *1986*, under section 6412(a)(2) of such Code with respect to gasoline to be used in motorboats.

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